

**Module: Economic Geography**  
**Topic Content: Influence of Resources**

**Influence of Resources**



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# Module: Economic Geography

## Topic Content: Influence of Resources

### Levels of Economic Activity



The availability of resources influences the economic activity in a region. Economic activity can be divided into four levels, or sectors:

- The primary sector deals directly with natural resources, and includes farming, fishing, forestry, and mining.
- The secondary sector encompasses industries involved in manufacturing and processing, like steel mills, sawmills, and automobile factories.
- The tertiary sector provides goods and services to the public and businesses. Transportation, retail trade, and information technology services are all considered tertiary industries.
- The quaternary sector is focused on collecting, processing, and manipulating information and capital. Administration, finance, insurance, and legal services are a few examples of industries in the quaternary sector.

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**Middleland Scenario: Primary Sector**



To illustrate how resources can influence economic activity, picture a country named Middleland. Middleland has a large area of fertile soil and fresh water. The availability of fertile soil and fresh water attracts farmers to Middleland, leading to the development agriculture. In this scenario, Middleland's economic activity is focused on the primary sector.

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**Middleland Scenario: Secondary Sector**



Now, imagine that large deposits of oil are found in Middleland. In order to utilize this natural resource, the crude oil must be extracted from the ground and then processed at an oil refinery. This requires more human resources than farming the land, since the extraction and refining of the oil requires multiple skilled laborers who know how to operate the equipment. The combination of natural and human resources leads to the development of industry. In this scenario, Middleland's economic activity involves the primary and secondary sectors.

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**Middleland Scenario: Tertiary and Quaternary Sectors**



As Middleland's oil industry continues to grow, so does the demand for human and capital resources. The citizens of Middleland require schools and places to shop, while the oil refinery needs more employees to handle the company's financial and legal issues. This attracts teachers, retail workers, accountants, and lawyers, which increases Middleland's economic activity in the tertiary and quaternary sectors.

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### Unequal Resource Distribution



This example demonstrates how natural resources like arable land and fresh water lead to agriculture. It also shows how the combination of natural resources and human resources can lead to industry. Unlike the fictional country of Middleland, many countries lack access to natural resources. This unequal distribution has resulted in countless wars and other conflicts, as populations fight to control important resources. Historically, the growing demand for resources led to increased imperialism and colonialism. In these systems, a subordinate territory or colony provides resources to the dominant “mother” country.

During the twentieth century, the imperial system was mostly replaced with international trade. In this system, nations without natural resources rely on alliances and trade in order to support growth. This may result in dependence on outside assistance and uneven economic development; however, there is a growing interdependence among all nations. The modern global economy is a complex web of various countries trading in goods and services, as well as natural and capital resources.

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**Energy Producers and Consumers**



In the modern economic environment, high levels of human and capital resources are able to overcome a lack of natural resources. This has created strong economic ties among energy producing nations and energy consuming nations. For example, Saudi Arabia is an energy producer with large deposits of oil, and Japan is an energy consumer with few natural resources; however, Japanese industry produces advanced technology and other capital resources. Japan needs oil to fuel its industry, while Saudi Arabia needs capital resources like machinery and technology. In this relationship, both nations benefit from trade.

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#### Patterns of Land Use



The resources available to a region can also influence the way people use the land. For instance, countries with extensive areas of fertile land are more likely to engage in large-scale commercial agriculture. Smaller countries without large tracts of land are more likely to practice subsistence farming, which produces food for farmers and their families, with little to no surplus. These smaller countries are also more likely to focus on industries in the tertiary and quaternary sectors, which require much less land to operate. The compatibility of land use is another factor that drives economic decisions. For example, most people would not want to live in a residential area that is located next to a landfill, whereas open spaces outside of cities are more compatible with residential development.